

Handling The Death Tax That Just Won't Die

With all the talk about the future of the Bush tax cuts, one aspect of taxation that isn't getting quite as much press is the reappearance of the estate tax.

As of January 1, 2011, the estate tax will once again rear its ugly head and take a serious bite out of your estate when it does.

If your estate is valued at \$1 million or more (for individuals, not married couples), you can expect your heirs to be hit with a tax bill of 55%.

Here's a quick and dirty list of things you need to seriously think about before January 1st:

1. Don't Count On Congress.

The issue of the estate tax may not be resolved any time soon. The Bush tax-cut extension is such a hot button issue and is generating so much press, no one is sure what will result from it. An increase of the estate tax exemption to \$5 million is included in the Obama tax plan, but the House and Senate would both have to agree to it for that to become law. The end of the year is only about 3 weeks away and there's still a lot of squabbling on Capitol Hill about this issue.

2. Plan For The Worst Tax Rate.

Plan your estate based on the worst case scenario. The smart money is on some change in the estate tax for 2011, possibly going back to the 2009 individual exemption and tax rate, but no one really knows what will happen. With the government facing a serious budget crisis, it is highly unlikely that the tax will be repealed and eliminated. No one in government is going to let go of that kind of revenue.

3. Take Advantage Of Every Possible Loophole.

If you or a loved one is critically ill, talk to your estate attorney now. Ask about the possibility of annual gifts of cash (up to \$13,000 tax free), securities, property, medical care payments, or even tuition, before year end. If your assets are still at issue, ask about generation-skipping trusts or the formation of other trusts. It may cost you some in taxes but gift tax rates this year are 35%. They will probably never be that low again.

4. Talk To Your Lawyer Now.

Any of the potential changes in the estate tax can have an adverse effect on your estate and the future of your heirs. And none of the options to handle the tax can take place overnight. Talk to your attorney as soon as possible to get your plan in place.

You can't "wait until after the holidays" to deal with these tax issues. It can take weeks to transfer accounts or securities or even gifts. Talk to us now to get things rolling and make sure your bases are covered, regardless of what Congress does or doesn't do.

Call us to schedule your Georgia Family Treasures Planning Session today. We can advise you about the steps you need to take now to protect your estate and continue to advise you when Congress finally on the future of the estate tax.

A Georgia Family Treasures Planning Session normally costs \$750, but this month I've made space for the next four people who call us before December 31 and mention this article to have a complete planning session with me at no charge. Call today and mention this article.